

Company Number: 670489

LOWLAND INVESTMENT COMPANY PLC

**HALF-YEAR REPORT
(unaudited)
for the half-year ended 31 March 2020**

LOWLAND INVESTMENT COMPANY PLC

Unaudited results for the half-year ended 31 March 2020

Investment objective

The Company aims to give shareholders a higher than average return with growth of both capital and income over the medium to long-term, by investing in a broad spread of predominantly UK Companies. The Company measures its performance against the FTSE All-Share Index Total Return.

Investment policy

Asset Allocation

The Company will invest in a combination of large, medium and smaller companies listed in the UK. We are not constrained by the weightings of any index; we focus instead on controlling absolute risk by diversifying on the basis of underlying company characteristics such as size, industry, economic sensitivity, clients and management. In normal circumstances up to half the portfolio will be invested in FTSE 100 companies; the remainder will be divided between small and medium-sized companies. On occasions the Manager will buy shares listed overseas. The Manager may also invest a maximum of 15% in other listed trusts.

Dividend

The Company aims to provide shareholders with better-than-average dividend growth.

Gearing

The Board believes that debt in a closed-end fund is a valuable source of long-term outperformance, therefore the Company will usually be geared. At the point of drawing down debt, gearing will never exceed 29.99% of the portfolio valuation. Borrowing will be a mixture of short and long-dated debt, depending on relative attractiveness of rates.

Key data for the six months to 31 March 2020

Net Asset Value Total Return	-30.3%
Benchmark ¹ Total Return	-22.0%
Growth in Dividend	1.7%
Dividend	30.0p

¹ FTSE All-Share Index

Financial highlights	Half-Year Ended 31 Mar 2020	Half-Year Ended 31 Mar 2019	Year Ended 30 Sept 2019
NAV Per Ordinary Share ¹	985p	1,431p	1,428p
Share Price ²	900p	1,340p	1,280p
Market Capitalisation	£243m	£362m	£346m
Dividend Per Share	30.0p	29.5p	59.5p
Ongoing Charge Including Performance Fee	0.7%	0.6%	0.6%
Ongoing Charge Excluding Performance Fee	0.7%	0.6%	0.6%
Dividend Yield ³	6.7%	4.3%	4.6%
Gearing	17.2%	11.9%	12.8%
Discount	8.6%	6.4%	9.1%

¹ NAV (Net Asset Value) with debt at par value

² Using mid-market closing price

³ Based on dividends paid and declared in respect of the previous twelve months

Total return performance (including dividends reinvested and excluding transaction costs)

	6 months %	1 year %	3 years %	5 years %	10 years %
Net Asset Value	-30.3	-29.5	-31.1	-18.6	84.2
Share Price ¹	-28.1	-29.8	-30.2	-16.8	104.4

Benchmark² -22.0 -18.5 -12.2 2.9 53.6

¹ Using mid-market closing price

² FTSE All-Share Index

Sources: Morningstar, Funddata, Refinitiv Datastream and Janus Henderson

Historical record – Year to 30 September

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	As at 31 Mar 2020
Net Assets ¹ (£m)	204	214	266	347	362	355	387	440	439	386	266
Per Ordinary Share											
Net Asset Value ² Share	770p	811p	1,008p	1,307p	1,346p	1,318p	1,432p	1,628p	1,625p	1,428p	985p
Price	700p	763p	992p	1,325p	1,355p	1,287p	1,337p	1,504p	1,515p	1,280p	900p
Net Revenue	22.5p	28.8p	31.1p	36.7p	39.4p	46.4p	47.7p	49.1p	58.6p	68.0p	14.5p
Net Dividends Paid	27.0p	28.0p	30.5p	34.0p	37.0p	41.0p	45.0p	49.0p	54.0p	59.5p	30.0p³

¹ Attributable to Ordinary Shares

² NAV with debt at par value

³ First interim dividend of 15.0p per ordinary share paid on 30 April 2020 and second interim dividend of 15.0p per ordinary share that will be paid on 31 July 2020

INTERIM MANAGEMENT REPORT

CHAIRMAN'S STATEMENT

Overview

Coronavirus has had a dramatic adverse impact on Lowland's quest for growth in both capital and income. The first quarter of the financial year saw modest growth in Net Asset Value ('NAV'), and outperformance of the FTSE All-Share benchmark. This was sharply reversed in the second quarter, and most especially in March, as the impact on global and domestic economies of the steps taken to contain coronavirus became more evident. Since then markets have recovered some of their losses, perhaps based more on the scale of governmental assistance than confidence in a rapid recovery from the consequences of the pandemic.

During the month of March the NAV fell 26.5% versus a 15.1% fall in the benchmark. In the half year as a whole, NAV fell by 30.3% against a 22% decline in the index. The relative underperformance therefore occurred entirely in March, and was largely a result of the portfolio's bias to certain stocks in the industrial and financial sectors, exacerbated by the effect of gearing in a falling market. The Fund Managers go into more detail on the most immediately problematic areas of the aerospace sector, banks, and insurance, in their report.

Dividends

Underlying earnings per share fell to 14.5p during the period compared to 22.2p last year. As a result of uncertainty surrounding coronavirus many companies across a broad range of industries have reduced, suspended or cancelled their dividends. This has created a very difficult environment for an income investor, with 2020 dividend cuts steeper than during the financial crisis.

The Fund Managers discuss the dividend outlook in more detail in their section of the report, and in their view, there may be an extent to which some dividends have been deferred; but a good many companies will take time to return to paying dividends; and recent levels of income are unlikely to return before 2022.

Lowland has pursued a progressive quarterly dividend policy since 2013. I said in my last annual statement that we were committed to maintaining this policy, with each quarterly declaration being no less than the previous year's equivalent, barring really adverse circumstances. That we face really adverse circumstances is clear. As greater clarity emerges on the timing and degree of recovery, the Board will consider whether we are able to maintain this policy. Aside from very substantial capital reserves, Lowland's revenue reserve, before payment of last year's third interim and final dividends, amounted to £18.4m at the financial year end, equivalent to 68p per share. We have added over £11m to the reserve since we last paid an uncovered dividend in 2010, when earnings were still recovering from the financial crisis. Revenue reserves are there for a rainy day. At present, it feels more like a thunderstorm, and we will have to make a judgement on whether we can maintain the policy. We are cognisant of shareholders' desire for regular income and it is our firm intention to maintain the policy if possible.

We declared a first interim dividend of 15p in January (2019: 14.5p), and the Board has today declared an unchanged second interim of 15p, thus far maintaining our policy.

Gearing

As at the 31st March, gearing was 17.2%, up from 12.8% as at the financial year end. This rise in gearing was largely passive, driven by the fall in asset value. The absolute level of net debt remained fairly constant during the six months, at around £46m.

Since the year end debt has reduced slightly to £40.4m. Gearing is now 14.2%, reflecting lower debt and slightly recovered asset values.

Share price discount

During this volatile period, trading in the Company's shares fluctuated between a discount of 13.0% and a premium of 7.4%. As at the period end it was trading at an 8.6% discount versus a 9.1% discount at the financial year end.

Outlook

Chairmen are prone to remarking that times are unusually unpredictable. I think such an observation is excusable today. There will be long-term consequences of the hiatus in normal life, caused by governments' risk-averse reactions to the possible scale of the pandemic. To a degree these consequences will be sectoral; the great majority of companies throughout the economy will suffer to some extent. The speed and shape of recovery from such an unprecedented decline in economic activity is highly unpredictable.

Our intention is to maintain a level of gearing which is prudent. We certainly do not rule out further sharp market shocks. At the same time our gearing must allow us to benefit from opportunities in the market and from the recovery when it does come. The Fund Managers' approach remains based on bottom-up stock picking, although at this time stock picking is more than usually influenced by macro considerations. Lowland is invested in a diverse range of good quality companies which should benefit when economies recover.

Robert Robertson

Chairman

5 June 2020

Performance as at 31 March 2020

Sector Analysis	% as at 31 March 2020		% as at 30 September 2019	
	Company	Benchmark ¹	Company	Benchmark ¹
Basic Materials	4.8	7.4	4.0	7.4
Consumer Goods	3.5	15.6	4.4	14.3
Consumer Services	9.5	11.3	10.7	12.0
Financials	36.3	26.0	33.9	25.6
Health Care	6.2	11.2	5.7	9.3
Industrials	23.7	11.1	25.1	11.7
Oil & Gas	7.2	10.3	8.9	13.2
Technology	-	1.0	0.5	1.0
Telecommunications	1.5	2.4	1.5	2.8
Utilities	7.3	3.7	5.3	2.7
Total	100.0	100.0	100.0	100.0

¹ FTSE All-Share Index

FUND MANAGERS' STATEMENT

Performance Review

The six months to the end of March was a very difficult performance period for Lowland on an absolute and a relative basis. The Company's NAV fell 30.3%; the FTSE All-Share benchmark declined by 22% (both on a total return basis). This underperformance was concentrated in March as it became clear that coronavirus would have significant implications for both the domestic and global economy. In March the Company's NAV fell 26.5% versus a 15.1% fall in the FTSE All-Share.

Use of gearing detracted from returns by 3.5% during the six months. Gearing over the long term has been a positive contributor to performance and is one of the advantages of the investment trust structure; however during a period when equity markets fell sharply it has been a material detractor. At the end of the period the gearing level was 17.2%. The increase since the year end was driven passively by market falls rather than our having been a net investor.

At the sector level, the largest detractors from performance were our holdings in the industrials sector, which constituted 23.7% of the portfolio at the end of March. This deduction from returns was predominantly a result of stock selection rather than sector allocation, as the industrials sector as a whole performed only marginally worse than the overall benchmark. With parts of the global economy temporarily mothballed this will have a material impact on future earnings within the industrials sector. While in some cases we think the earnings impact will prove temporary (for example companies exposed to infrastructure spending, which we expect to continue to grow), in other areas such as civil aerospace, the path to earnings recovery is much less clear.

Within the portfolio we have two industrial companies which are materially exposed to civil aerospace – **Senior**, which designs and manufactures components such as structures for the wing, and engine maker **Rolls-Royce**. Going into this downturn, civil aerospace had been a structural growth area as passenger miles flown had, for many years, grown above global GDP growth, as emerging market demand increased. However, the temporary grounding of a substantial portion of the global aeroplane fleet has created a much more difficult outlook for the aerospace industry than either the financial crisis or 9/11. There will be excess capacity in aeroplanes, even after Boeing and Airbus have curtailed production. For Senior and Rolls Royce the earnings impact will be severe, but both have other end-market exposure, including defence aerospace, which is proving more resilient. For now we have maintained the positions. The shares are trading on a low valuation relative to their history with experienced management teams to steer the companies through this challenging period.

At the stock level, the largest contributors to relative performance during the six months are detailed in the table below.

Company Name	Share Price (total return, %)	Relative Contribution (%)
Avon Rubber	+39.4	+0.8
Severn Trent	+7.2	+0.5
Pennon	+32.9	+0.4
Direct Line	-1.4	+0.3
Phoenix Group	-9.4	+0.3

Taking each in turn:

1. **Avon Rubber** – completed the acquisition of a US body armour and helmets company from 3M. The deal was on attractive terms for Avon and is highly complementary to their existing defence equipment business.
2. **Severn Trent** – shares re-rated following the UK General Election, which removed the threat of renationalisation. Their operations are also relatively unaffected by the virus.
3. **Pennon** – announced the sale of their waste management business, Viridor, to private equity at a high valuation relative to historic earnings and invested capital.

4. **Direct Line** – resilient underwriting results in a period of rising claims costs in their motor book, along with an encouraging presentation to investors, led to the shares re-rating.
5. **Phoenix Group** – life insurance business which consists predominantly of pre-existing policies that are in gradual run-off, therefore should be relatively unaffected by the current economic back drop. The dividend yield remains attractive.

The largest relative detractors from performance during the six months are detailed in the table below.

Company Name	Share Price (total return, %)	Relative Contribution (%)
Senior	-62.1	-0.9
Hiscox	-44.3	-0.5
Ince	-84.7	-0.4
Hammerson	-72.7	-0.4
Rolls-Royce	-56.7	-0.3

Taking each in turn:

1. **Senior** – exposed to the civil aerospace market (see above under ‘Performance Review’).
2. **Hiscox** – a writer of small and medium-sized business insurance in the US and UK, including business interruption and event cancellation insurance. In the current backdrop the claims outlook in this area is unclear (although they do have reinsurance cover in place). This uncertainty has led to a de-rating of the shares.
3. **Ince Group** – a legal services company that announced a rights issue in order to cover working capital requirements following an acquisition. This has been a disappointing holding and is now a small portion of the overall portfolio (0.2% as at the end of March, following the period end the position has been sold).
4. **Hammerson** – shopping centres in the UK and Europe are largely closed as a result of the virus, and second quarter rent receipts as a result have been much weaker than they would otherwise have been. There are question marks around the long-term value of retail assets at a time when a growing portion of consumer spend is online. Hammerson owns prime retail assets in city centres (such as the Bullring in Birmingham) and in our view there is still a role for flagship retail assets. However valuations will be likely to continue to decline and the closure period as a result of the virus is likely to accelerate pre-existing trends in the retail sector with weaker companies entering administration.
5. **Rolls-Royce** – exposed to the civil aerospace market (please again see above in ‘Performance Review’).

Income review

It was a difficult period for income generation, with many of our companies choosing to suspend their dividends. These dividend suspensions were across a broad range of sectors including banks, industrials, housebuilders, non-life insurers and property companies. Other sectors, including utilities, pharmaceuticals, oil & gas producers and life insurers, have so far been more resilient. This has caused a fall in earnings per share from 22.2p this time last year to 14.5p this financial year.

Assessing the capacity for dividends to recover from their current level is difficult, and needs to be done on a company-by-company basis rather than at the sector level. Some companies may use the current suspension as an opportunity to rebase their payout ratio to a lower level. Other companies that we have spoken to see the decision as a genuine deferral (rather than cancellation) of the dividend and are keen to ‘catch up’ the forgone dividend as soon as the outlook is clearer. There are other nuances to be aware of – where companies are currently using, or are considering using any of the applicable government schemes (for example staff furloughing) they are pre-emptively cancelling dividends. Many extended bank facilities in the current environment are also coming with the proviso of no dividends being paid to shareholders for as long as the facility is being used (and in some cases for a set period afterwards as well). There may be a political consideration for the dividend payouts of some sectors such as banks. Therefore the dividend outlook is complex. In our view 2021 will see some recovery in dividend levels, but not to the levels seen in 2019.

Activity

The largest new investment during the period was asset manager and life insurance company **M&G**. This came into the portfolio via a spin-out from the existing holding in Prudential and we subsequently purchased more shares, attracted by the high yield that we believe they can continue to pay. Cash generation should be resilient thanks to the large asset base attached to their closed book of life insurance business (while their asset management business will naturally be more volatile dependent on net flows and market levels). Other new positions included **Ricardo** --a UK consultancy business that specialises in environmental consulting (for example working with governments and companies on how to reduce carbon emissions and water wastage) -- and specialist retailer **Halfords**. Under a new management team Halfords is becoming more focused on return on capital and has taken steps to integrate its business better (for example bringing the Halfords and Autocentre business together onto one website for customers). We have used periods of share price weakness to add to our positions in all of these companies.

The largest individual sale during the period was pub operator **Greene King**, which we sold at a small discount to the takeover price, ahead of the completion of the takeover by Hong Kong conglomerate CK Asset Holdings. We also sold medical device designer and manufacturer **Consort Medical** ahead of its takeover by European peer company Recipharm. We removed our position in **Royal Mail**. This had been a disappointing performer for the portfolio as a result of a steeper than expected fall in letter volumes and difficulty in achieving targeted cost reductions.

Towards the end of the period we reduced the positions in some banks including **Royal Bank of Scotland** and **HSBC**. We originally held these on the basis of their strong capital positions which offered some scope for the return of excess capital to shareholders over time. This was particularly the case for RBS, which went into this calendar year with a strong capital position versus peers and which had already announced a special dividend was to be paid to shareholders in March. However, it became clear during the lockdown that given the banks (particularly the domestic banks) would be indirect beneficiaries of a number of government support schemes, they would not be paying dividends to shareholders for at least the remainder of the calendar year. Our original investment thesis of an attractive dividend yield for shareholders was therefore invalidated.

Outlook

Since the period end there has been a slight return of investor confidence with both the NAV total return and the FTSE All-Share total return rising by 8.5% (at the end of May). The sentiment is fragile with concerns that there might be second waves of the infection. However, companies have been adapting fast to the changed circumstances and have reduced their cost bases materially. When the economic recovery happens we therefore expect the earnings impact of a rise in sales to be substantial. Many companies have also raised equity in order to emerge from the crisis with a better balance sheet and stronger competitive position. We have selectively participated in these placings for Lowland since the period end.

Lowland has historically performed well when emerging from an economic downturn as a result of its sector positioning (such as the significant weighting in industrials) and small company holdings, which tend to be more tied into the domestic economic cycle. Understandably given the lack of visibility about the speed at which lockdown restrictions will be eased, and therefore the speed and scale of earnings recovery, these areas have performed poorly during this period. However, valuations on any historic sales or earnings basis are low. What has given us the most confidence during this difficult period is speaking frequently to the management teams of companies held. These are highly experienced management teams who are pulling all necessary levers to get businesses through to a period of economic recovery. In many cases businesses will emerge to a weakened competitive environment in which they can take market share. When the economic recovery comes there could be a period of both earnings and valuation recovery in those areas that have been most impacted by the current disruption. While we fully understand that this has been a disappointing performance period, we do not think now is the time to change course.

James Henderson and Laura Foll

Fund Managers

5 June 2020

Related party transactions

The Company's current related parties are its Directors and Janus Henderson. There have been no material transactions between the Company and its Directors during the year and the only amounts paid to them were in respect of Directors' remuneration and expenses incurred on the Company's business, for which there were no outstanding amounts payable at the period end.

In relation to the provision of services by Janus Henderson, other than fees payable by the Company in the ordinary course of business and the provision of sales and marketing services, there have been no material transactions with Janus Henderson affecting the financial position of the Company during the year under review.

Principal risks and uncertainties

The principal risks and uncertainties associated with the Company's business can be divided into various areas:

- Investment Activity and Strategy;
- Portfolio and Market Price;
- Financial;
- Gearing;
- Operational; and
- Accounting, Legal and Regulatory.

Information on these risks and how they are managed are given in the Annual Report for the year ended 30 September 2019. In the view of the Board, these principal risks and uncertainties are as applicable to the remaining six months of the financial year as they were to the six months under review.

There are a number of risks stemming from the COVID-19 pandemic and the uncertainty that this has created in global markets, both economically and politically, that may impact the operation of the Company, as referenced in the Chairman's Statement. The Fund Managers will continue to review carefully the composition of the Company's portfolio and be proactive in taking investment decisions where necessary. Janus Henderson (the "Manager") and the Company's other third-party service providers remain fully operational and have implemented appropriate business continuity plans to ensure that there has been no change in service while the majority of staff are working from home.

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge:

- (a) the set of financial statements for the half-year to 31 March 2020 has been prepared in accordance with "FRS 104 Interim Financial Reporting";
- (b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- (c) the Interim Management Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

For and on behalf of the Board

Robert Robertson

Chairman

5 June 2020

PORTFOLIO INFORMATION

As at 31 March 2020

Company	Sector	Market value £'000	% of portfolio
GlaxoSmithKline	Pharmaceuticals & Biotechnology	13,707	4.4
Royal Dutch Shell	Oil & Gas Producers	12,224	3.9
Phoenix	Life Insurance	10,479	3.4
Severn Trent	Gas Water & Multiutilities	8,550	2.7
National Grid	Gas Water & Multiutilities	7,730	2.5
Direct Line	Non-Life Insurance	7,693	2.5
HSBC	Banks	7,177	2.3
Relx	Media	6,928	2.2
Prudential	Life Insurance	6,731	2.2
Hiscox	Non-Life Insurance	6,303	2.0
10 Largest		87,522	28.1
Standard Chartered	Banks	5,924	1.9
Pennon	Gas Water & Multiutilities	5,428	1.7
Irish Continental (Ireland)	Travel & Leisure	5,035	1.6
BP	Oil & Gas Producers	4,991	1.6
Avon Rubber	Aerospace & Defence	4,841	1.6
Aviva	Life Insurance	4,699	1.5
BAE Systems	Aerospace & Defence	4,696	1.5
Rio Tinto	Mining	4,648	1.5
Vodafone	Mobile Telecommunications	4,597	1.5
Ten Entertainment	Travel & Leisure	4,505	1.4
20 Largest		136,886	43.9
Randall & Quilter ¹	Non-Life Insurance	4,361	1.4
FBD (Ireland)	Non-Life Insurance	4,225	1.4
Mondi	Forestry & Paper	4,143	1.3
Morgan Advanced Materials	Electronic & Electrical Equipment	4,026	1.3
St Modwen Properties	Real Estate	3,938	1.3
Senior	Aerospace & Defence	3,830	1.2
Henderson Opportunities Trust	Equity Investment Instruments	3,798	1.2
Johnson Service ¹	Support Services	3,781	1.2
Clarkson	Industrial Transportation	3,727	1.2
Sabre Insurance	Non-Life Insurance	3,693	1.2
30 Largest		176,408	56.6
Standard Life Aberdeen	Financial Services	3,562	1.2
XP Power	Electronic & Electrical Equipment	3,539	1.1
Croda	Chemicals	3,529	1.1
Headlam	Household Goods & Home Construction	3,493	1.1
Hill & Smith	Industrial Engineering	3,362	1.1
Land Securities	Real Estate	3,341	1.1
HICL Infrastructure	Equity Investment Instruments	3,236	1.0
DS Smith	General Industrials	3,205	1.0
Anexo ¹	Support Services	3,156	1.0
H&T Group ¹	Financial Services	3,134	1.0
40 Largest		209,965	67.3
Castings	Industrial Engineering	3,113	1.0
Churchill China ¹	Household Goods & Home Construction	3,078	1.0
Babcock	Support Services	3,066	1.0
Balfour Beatty	Construction & Materials	3,048	1.0
Chesnara	Life Insurance	2,992	1.0
Rolls-Royce	Aerospace & Defence	2,980	0.9
Somero Enterprises ¹ (USA)	Industrial Engineering	2,975	0.9
TT Electronics	Electronic & Electrical Equipment	2,746	0.9
Epwin ¹	Construction & Materials	2,687	0.9
AstraZeneca	Pharmaceuticals & Biotechnology	2,634	0.8
50 Largest		239,284	76.7

Company	Sector	Market value £'000	% of portfolio
Bellway	Household Goods & Home Construction	2,479	0.8
K3 Capital ¹	Financial Services	2,472	0.8
Numis ¹	Financial Services	2,468	0.8
IMI	Industrial Engineering	2,456	0.8
Royal Bank of Scotland	Banks	2,427	0.8
M&G	Financial Services	2,421	0.8
International Personal Finance	Financial Services	2,411	0.8
Palace Capital	Real Estate	2,410	0.8
STV	Media	2,402	0.7
Helical	Real Estate	2,275	0.7
60 Largest		263,505	84.5
Studio Retail	General Retailers	2,252	0.7
Lloyds Banking	Banks	2,240	0.7
Gibson Energy (Canada)	Oil & Gas Producers	2,217	0.7
Herald Investment Trust	Equity Investment Instruments	2,013	0.7
International Consolidated Airlines	Travel & Leisure	1,936	0.6
Appreciate ¹	Financial Services	1,863	0.6
IP Group	Financial Services	1,854	0.6
Shoe Zone ¹	General Retailers	1,841	0.6
Redde Northgate	Industrial Transportation	1,813	0.6
Provident Financial	Financial Services	1,811	0.6
70 Largest		283,345	90.9
Daily Mail & General Trust	Media	1,737	0.5
Euromoney	Media	1,620	0.5
Elecosoft ¹	Technology	1,577	0.5
Oxford Sciences Innovation ²	Pharmaceuticals & Biotechnology	1,573	0.5
Vitec	Industrial Engineering	1,472	0.5
Ilika ¹	Alternative Energy	1,456	0.5
Ibstock	Construction & Materials	1,410	0.4
Ricardo	Construction & Materials	1,307	0.4
Elementis	Chemicals	1,201	0.4
Tyman	Construction & Materials	1,154	0.4
80 Largest		297,852	95.5
Hammerson	Real Estate	1,122	0.4
Stobart	Industrial Transportation	1,114	0.4
Anglo American	Mining	1,062	0.3
Centrica	Gas Water & Multiutilities	1,047	0.3
Airea ¹	Personal Goods	907	0.3
Low & Bonar	General Industrials	883	0.3
Renold ¹	Industrial Engineering	861	0.3
Taylor Wimpey	Household Goods & Home Construction	823	0.3
Indus Gas ¹	Oil & Gas Producers	794	0.2
Wadworth - Ordinary shares ²	Travel & Leisure	709	0.2
90 Largest		307,174	98.5
Ince ¹	Support Services	659	0.2
Halfords	General Retailers	628	0.2
Horizon Discovery ¹	Pharmaceuticals & Biotechnology	508	0.2
Faron Pharmaceuticals ¹ (Finland)	Pharmaceuticals & Biotechnology	450	0.1
4D Pharma ¹	Pharmaceuticals & Biotechnology	423	0.1
Atlantis Resources ¹	Alternative Energy	323	0.1
Severfield	Industrial Engineering	300	0.1
Velocys ¹	Chemicals	228	0.1
Premier Oil	Oil & Gas Producers	215	0.1
Hornby ¹	Leisure Goods	209	0.1
100 Largest		311,117	99.8

¹ AIM Stocks

² Unlisted Investments

Source: Janus Henderson

CONDENSED INCOME STATEMENT

	(Unaudited) Half-year ended 31 March 2020			(Unaudited) Half-year ended 31 March 2019			(Audited) Year ended 30 September 2019		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Losses on investments held at fair value through profit or loss	-	(114,880)	(114,880)	-	(49,907)	(49,907)	-	(54,206)	(54,206)
Income from investments	4,913	-	4,913	7,117	-	7,117	20,640	-	20,640
Other interest receivable and similar income	81	-	81	51	-	51	121	-	121
Gross revenue and capital losses	4,994	(114,880)	(109,886)	7,168	(49,907)	(42,739)	20,761	(54,206)	(33,445)
Management fee and performance fee (note 2)	(433)	(432)	(865)	(488)	(488)	(976)	(983)	(983)	(1,966)
Other administrative expenses (note 2)	(259)	-	(259)	(271)	-	(271)	(539)	-	(539)
Net return/(loss) before finance costs and taxation	4,302	(115,312)	(111,010)	6,409	(50,395)	(43,986)	19,239	(55,189)	(35,950)
Finance costs	(315)	(315)	(630)	(324)	(324)	(648)	(669)	(670)	(1,339)
Net return/(loss) before taxation	3,987	(115,627)	(111,640)	6,085	(50,719)	(44,634)	18,570	(55,859)	(37,289)
Taxation on net return	(75)	-	(75)	(82)	-	(82)	(205)	-	(205)
Net return/(loss) after taxation	3,912	(115,627)	(111,715)	6,003	(50,719)	(44,716)	18,365	(55,859)	(37,494)
Return/(loss) per ordinary share – basic and diluted (note 3)	14.5p	(428.0p)	(413.5p)	22.2p	(187.7p)	(165.5p)	68.0p	(206.7p)	(138.7p)

The total columns of this statement represent the Income Statement of the Company, prepared in accordance with FRS 104. The revenue and capital columns are supplementary to this and are published under guidance from the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and Statement of Changes in Equity.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The accompanying notes are an integral part of the condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	(Unaudited) Half-year ended 31 March 2020					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2019	6,755	61,619	1,007	298,139	18,384	385,904
Net (loss)/return after taxation	-	-	-	(115,627)	3,912	(111,715)
Third interim dividend (15.0p) for the year ended 30 September 2019	-	-	-		(4,053)	(4,053)
Final dividend (15.0p) for the year ended 30 September 2019	-	-	-		(4,053)	(4,053)
At 31 March 2020	<u>6,755</u>	<u>61,619</u>	<u>1,007</u>	<u>182,512</u>	<u>14,190</u>	<u>266,083</u>
	(Unaudited) Half-year ended 31 March 2019					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2018	6,755	61,619	1,007	353,998	15,555	438,934
Net (loss)/return after taxation	-	-	-	(50,719)	6,003	(44,716)
Third interim dividend (14.0p) for the year ended 30 September 2018	-	-	-	-	(3,783)	(3,783)
Final dividend (14.0p) for the year ended 30 September 2018	-	-	-	-	(3,782)	(3,782)
At 31 March 2019	<u>6,755</u>	<u>61,619</u>	<u>1,007</u>	<u>303,279</u>	<u>13,993</u>	<u>386,653</u>
	(Audited) Year ended 30 September 2019					
	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other capital reserves £'000	Revenue reserve £'000	Total £'000
At 1 October 2018	6,755	61,619	1,007	353,998	15,555	438,934
Net (loss)/return after taxation	-	-	-	(55,859)	18,365	(37,494)
Third interim dividend (14.0p) for the year ended 30 September 2018	-	-	-		(3,783)	(3,783)
Final dividend (14.0p) for the year ended 30 September 2018	-	-	-		(3,782)	(3,782)
First interim dividend (14.5p) for the year ended 30 September 2019	-	-	-	-	(3,918)	(3,918)
Second interim dividend (15.0p) for the year ended 30 September 2019	-	-	-		(4,053)	(4,053)
At 30 September 2019	<u>6,755</u>	<u>61,619</u>	<u>1,007</u>	<u>298,139</u>	<u>18,384</u>	<u>385,904</u>

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

	(Unaudited) Half-year ended 31 March 2020 £'000	(Unaudited) Half-year ended 31 March 2019 £'000	(Audited) Year ended 30 September 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss (note 4)	311,793	432,493	435,187
	-----	-----	-----
Current assets			
Debtors	4,039	2,263	1,710
Cash at bank	1,137	1,983	2,008
	-----	-----	-----
	5,176	4,246	3,718
Creditors: amounts falling due within one year	(21,112)	(20,312)	(23,222)
	-----	-----	-----
Net current liabilities	(15,936)	(16,066)	(19,504)
	-----	-----	-----
Total assets less current liabilities	295,857	416,427	415,683
	-----	-----	-----
Creditors: amounts falling due after more than one year	(29,774)	(29,774)	(29,779)
	-----	-----	-----
Net assets	266,083	386,653	385,904
	=====	=====	=====
Capital and reserves			
Called up share capital	6,755	6,755	6,755
Share premium account	61,619	61,619	61,619
Capital redemption reserve	1,007	1,007	1,007
Other capital reserves	182,512	303,279	298,139
Revenue reserve	14,190	13,993	18,384
	-----	-----	-----
Total shareholders' funds	266,083	386,653	385,904
	=====	=====	=====
Net asset value per ordinary share – basic and diluted (note 7)	984.8p	1,431.1p	1,428.3p
	=====	=====	=====

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

	(Unaudited) Half-year ended 31 March 2020 £'000	(Unaudited) Half-year ended 31 March 2019 £'000	(Audited) Year ended 30 September 2019 £'000
Cash flows from operating activities			
Net loss before taxation	(111,640)	(44,634)	(37,289)
Add back: finance costs	630	648	1,339
Add: losses on investments held at fair value through profit or loss	114,880	49,907	54,206
Withholding tax on dividends deducted at source	(111)	(107)	(282)
Decrease/(increase) in debtors	791	(220)	386
(Decrease)/increase in creditors	(609)	523	1,159
	-----	-----	-----
Net cash inflow from operating activities	3,941	6,117	19,519
	=====	=====	=====
Cash flows from investing activities			
Purchase of investments	(26,205)	(28,240)	(51,677)
Sale of investments	31,693	38,776	54,923
	-----	-----	-----
Net cash inflow from investing activities	5,488	10,536	3,246
Cash flows from financing activities			
Equity dividends paid (net of refund of unclaimed distributions and reclaimed distributions)	(8,106)	(7,565)	(15,536)
Net loans repaid	(1,554)	(7,885)	(5,342)
Interest paid	(640)	(665)	(1,344)
	-----	-----	-----
Net cash outflow from financing activities	(10,300)	(16,115)	(22,222)
Net (decrease)/increase in cash and cash equivalents	(871)	538	543
Cash and cash equivalents at start of year	2,008	1,445	1,445
Effect of foreign exchange rates	-	-	20
	-----	-----	-----
Cash and cash equivalents at end of year	1,137	1,983	2,008
	=====	=====	=====
Comprising:			
Cash at bank	1,137	1,983	2,008
	=====	=====	=====

The accompanying notes are an integral part of these condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The half-year financial statements cover the period from 1 October 2019 to 31 March 2020 and have not been audited or reviewed by the Company's auditors.

1. Accounting policies – basis of preparation

The condensed set of financial statements has been prepared in accordance with FRS 104, Interim Financial Reporting, FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" which was issued by the Association of Investment Companies in October 2019.

2. Expenses

All expenses with the exception of the performance fee, management fee and finance costs are charged wholly to revenue. Performance fees are charged wholly to capital. Management fees and finance costs are charged 50% to revenue and 50% to capital. Expenses which are incidental to the purchase or sale of an investment are included in the cost or deducted from the proceeds of sale of the investment. No provision has been made for a performance fee based on the Company's performance relative to the FTSE All-Share Index (the benchmark) over the thirty months to 31 March 2020 (31 March 2019 and 30 September 2019: £nil). Any performance fee payable will be calculated based on the actual relative performance for the thirty-six months to 30 September 2020 and will be equal to 15% of any outperformance (on a total return basis) of the FTSE All-Share Index by more than 10% (the "hurdle rate"). The performance fee is capped at 0.25% of average net chargeable assets for the year.

No performance fee will be payable if the net asset value per share on the last day of the relevant calculation period is lower than the net asset value per share on the first day of the calculation period.

3. Return per ordinary share – basic and diluted

	(Unaudited) Half-year ended 31 March 2020 £'000	(Unaudited) Half-year ended 31 March 2019 £'000	(Audited) Year ended 30 September 2019 £'000
The return/(loss) per ordinary share is based on the following figures:			
Net revenue return	3,912	6,003	18,365
Net capital loss	(115,627)	(50,719)	(55,859)
Net total loss	(111,715)	(44,716)	(37,494)
Weighted average number of ordinary shares in issue for each period	27,018,565	27,018,565	27,018,565
Revenue return per ordinary share	14.5p	22.2p	68.0p
Capital loss per ordinary share	(428.0p)	(187.7p)	(206.7p)
Total loss per ordinary share	(413.5p)	(165.5p)	(138.7p)

The Company does not have any dilutive securities; therefore, basic and diluted returns per share are the same.

4. Fair value of financial assets and liabilities

The table below analyses fair value measurements for investments held at fair value through profit or loss. These fair value measurements are categorised into different levels in the fair value hierarchy based on the valuation techniques used and are defined as follows:

Level 1: valued using quoted prices in active markets for identical assets

Level 2: valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1

Level 3: valued by reference to valuation techniques using inputs that are not based on observable market data

Investments held at fair value through profit or loss at 31 March 2020 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	309,385	-	2,408	311,793
Investments held at fair value through profit or loss at 31 March 2019 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	430,012	-	2,481	432,493
Investments held at fair value through profit or loss at 30 September 2019 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	432,765	-	2,422	435,187

A reconciliation of movements within Level 3 is set out below:

	2020 £'000
Opening balance	2,422
Disposal proceeds	-
Transfers in	-
Total gain/loss included in the Income Statement	
– on investments written off	-
– on investments held	(14)
Closing balance	<u>2,408</u>

The valuation techniques used by the Company are explained in the accounting policies note in the Company's Annual Report for the year ended 30 September 2019.

The fair value of the senior unsecured loan notes at 31 March 2020 has been estimated to be £36,221,000 (31 March 2019: £32,451,000; 30 September 2019: £35,029,000). The fair value of the senior unsecured loan notes is calculated using a discount rate which reflects the yield on a UK Gilt of similar maturity plus a suitable credit spread.

The senior unsecured loan notes are categorised as level 3 in the fair value hierarchy.

5. Share Capital

At 31 March 2020 there were 27,018,565, ordinary shares of 25p each in issue (31 March 2019: 27,018,565; 30 September 2019: 27,018,565). During the half-year ended 31 March 2020 no shares were issued or bought back (31 March 2019 and 30 September 2019: no shares were issued or bought back).

6. Transaction costs

Purchase transaction costs for the half-year ended 31 March 2020 were £135,000 (31 March 2019: £121,000; 30 September 2019: £228,000). Sale transaction costs for the half-year ended 31 March 2020 were £14,000 (31 March 2019: £15,000; 30 September 2019: £22,000). These comprise mainly stamp duty and commission.

7. Net asset value per ordinary share – basic and diluted

The net asset value per ordinary share of 984.8p (31 March 2019: 1,431.1p; 30 September 2019: 1,428.3p) is based on the net assets attributable to the ordinary shares of £266,083,000 (31 March 2019: £386,653,000; 30 September 2019: £385,904,000) and on 27,018,565 ordinary shares (31 March 2019 and 30 September 2019: 27,018,565), being the number of ordinary shares in issue at the end of each period.

8. Dividend

On 30 April 2020, a first interim dividend of 15.0p per ordinary share was paid in respect of the year ending 30 September 2020. A second interim dividend of 15.0p per ordinary share has been declared and will be paid on 31 July 2020 to shareholders on the register of members at the close of business on 3 July 2020. The ex-dividend date is 2 July 2020. Based on the number of shares in issue on 5 June 2020 of 27,018,565, the cost of the dividend will be £4,053,000 (second interim dividend for the year ended 30 September 2019: £3,513,000).

9. Going concern

The assets of the Company consist of securities that are readily realisable and, accordingly, the Directors believe that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Having assessed these factors and the principal risks, the Board has determined that it is appropriate for the financial statements to be prepared on a going concern basis.

10. Comparative Information

The financial information contained in this half-year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half-years ended 31 March 2020 and 31 March 2019 has not been audited nor reviewed by the Company's auditor.

The figures and financial information for the year ended 30 September 2019 are extracted from the latest published accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the independent auditors, which was unqualified and did not include a statement under either section 498(2) or 498(3) of the Companies Act 2006.

A glossary of terms and details of alternative performance measures can be found in the Annual Report for the year ended 30 September 2019

11. Manager

Henderson Investment Funds Limited ('HIFL') is appointed to act as the Company's Alternative Investment Fund Manager. HIFL delegates investment management services to Henderson Global Investors Limited. References to Janus Henderson within these results refer to the services provided by both entities.

12. General information

Company Status

The Company is a UK-domiciled investment trust company. The registered number is 670489.

The London Stock Exchange Daily Official List SEDOL number is 0536806

The ISIN number is GB0005368062.

The London Stock Exchange (TIDM) Code is LWI.

The Global Intermediary Identification Number (GIIN) is 2KBHLK.99999.SL.826.

The Legal Entity Identifier Number (LEI) is 2138008RHG5363FEHV19

Directors

The Directors of the Company are Robert Robertson (Chairman), Gaynor Coley (Audit Committee Chairman), Duncan Budge, Karl Sternberg and Thomas Walker.

Corporate Secretary

Henderson Secretarial Services Limited, represented by Helena Harvey ACG.

Email: ITSecretariat@janushenderson.com

Registered Office

201 Bishopsgate, London EC2M 3AE.

Website

Details of the Company's share price and net asset value, together with general information about the Company, monthly factsheets and data, copies of announcements, reports and details of general meetings can be found at www.lowlandinvestment.com.

13. Half-year report

An abbreviated version of the half-year report, the 'Update', will be posted to shareholders in June 2020. The Update will also be available on the Company's website, and hard copies will be available at the Company's registered office, 201 Bishopsgate, London EC2M 3AE.

For further information, please contact:

James Henderson / Laura Foll
Fund Managers
Lowland Investment Company plc
Tel: 020 7818 4370 / 020 7818 6364

James de Sausmarez
Director and Head of Investment Trusts
Janus Henderson Investors
Tel: 020 7818 3349

Laura Thomas
Investment Trust PR Manager
Janus Henderson Investors
Tel: 020 7818 2636

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this report.